SECURE PROPERTY
DEVELOPMENT & INVESTMENT PLC

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
For the six months ended 30 June 2014

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2014

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors

Antonios Achilleoudis
Lambros Anagnostopoulos
Ian Domaille
Paul Ensor
Franz Hoerhager
Antonios Kaffas
Alvaro Portela
Robert Sinclair
Harin Thaker

Registered Address

16, Kyriakou Matsi Avenue
Eagle House, 10th floor, PC 1082,
Agioi Omologites, Nicosia, Cyprus

Principal Places of Business

Prytys'ko-Mykilska 5
Kiev 04070,
Ukraine

16, Kyriakou Matsi Avenue
Eagle House, 10th floor, PC 1082,
Agioi Omologites, Nicosia, Cyprus

49-51 Sfintii Voievozi Street,
1st floor, apartment no 6
Interior 006, district 1, Bucharest
Romania PC 010965

Company Secretary

Chanteclair Secretarial Ltd
16, Kyriakou Matsi Avenue
Eagle House, 10th floor, PC 1082,
Agioi Omologites, Nicosia, Cyprus

Nominated Adviser and Broker

S. P. Angel Corporate Finance LLP
Prince Frederick House
35-39 Maddox Street
London W1S 2PP

Registrars

Computershare Investor Services PLC
The Pavillions
Bridgewater Road
Bristol BS99 7NH, UK

Cymain Registrars Limited
P.O. Box 25719
1311 Nicosia
Cyprus

Collaborating Banks

European Bank for Reconstruction and Development
One Exchange Square
London EC2A 2JN
United Kingdom

PJSC Fidobank
10 Krasnoarmeyskaya Street
Kiev 01601
Ukraine

Bank of Cyprus (ex-Cyprus Popular Bank Public Co. Ltd)
P.O. Box 22032
1598 Nicosia, Cyprus

ALPHA BANK Bulgaria
99, Tsarigradsko Shosse Blvd.
1113 Sofia, Bulgaria

UNIVERSAL Bank
54/19, Avtozavodska str., 04114
Kiev, Ukraine

Eurobank EFG Cyprus Ltd
41 Makarios Avenue, 5th floor,
1065 Nicosia, CYPRUS

Solicitors

AVELLUM PARTNERS
Leonardo Business Center
19-21 Bohdana Khmelnytskoho Str.11th floor
01030, Kyiv, Ukraine

Reed Smith LLP
The Broadgate Tower
20 Primrose Street
London EC2A 2RS, United Kingdom

Law Firm Pantelakis - Skaltsas
19 Lycavittou Str , Athens 10672
Greece

Georgiades & Pelides LLC
Kyriakou Matsi Avenue
Eagle House, 10th floor, PC 1082,
Agioi Omologites, Nicosia, Cyprus

DRAKOPOULOS LAW FIRM
7 David Praporgescu, District 2, 020965
Bucharest, Romania

Auditors

Baker Tilly Klitou and Partners Limited
Corner C Hatzopoulou & 30 Griva Digheni Avenue
1066 Nicosia, Cyprus

DECLARATION BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE PERSON RESPONSIBLE FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY

We, the Members of the Board of Directors and the person responsible for the preparation of the interim consolidated financial statements of SECURE PROPERTY DEVELOPMENT AND INVESTMENT PLC (the “Company”) and its subsidiaries (the “Group”) for the 6 months ended on 30 June 2014, based on our opinion, which is a result of diligent and scrupulous work, declare that the elements written in the interim consolidated financial statements are true and complete.

Board of Directors members:

Antonios Achilleoudis	
Lambros Anagnostopoulos	
Ian Domaille	
Paul Ensor	
Franz M. Hoerhager	
Antonios Kaffas	
Alvaro Portela	
Robert Sinclair	
Harin Thaker	

Person responsible for the preparation of the consolidated financial statements for the 6 months ended on 30 June 2014:

Constantinos Bitros	

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Note	Six month ended	
		30 June 2014	**30 June 2013**
		US$	**US$**
Operational income	7	1.926.819	1.784.299
Investment Property gains derived from functional currency devaluation	14	18.122.951	-
Administration expenses	8	(2.115.054)	(1.393.092)
Investment property operating expenses	9	(349.231)	(378.927)
Other operating income/(loss), net	10	(22.780)	226.850
Gain realized on acquisition	14	536.068	-
Operating profit		**18.098.773**	**239.130**
Finance costs, net	11	(774.401)	(783.710)
Foreign exchange losses	12	(19.993.208)	(25.399)
Income / (loss) before tax		**(2.668.836)**	**(569.979)**
Income tax expense	13	(17.719)	-
Profit / (loss) for the period		**(2.686.555)**	**(569.979)**
Other comprehensive (loss) / income			
Exchange difference on translation of foreign operations	18	42.976	43.777
Total comprehensive loss for the period		**(2.643.579)**	**(526.202)**
Profit / (loss) attributable to:			
Owners of the parent		(2.648.931)	(565.692)
Non-controlling interests		(37.624)	(4.287)
		(2.686.555)	**(569.979)**
Total comprehensive loss attributable to:			
Owners of the parent		(2.605.956)	(521.915)
Non-controlling interests		(37.624)	(4.287)
		(2.643.579)	**(526.202)**
Profit / (losses) per share (US$ per share):	6		
Basic loss for the period attributable to ordinary equity owners of the parent		(0,09)	(0,02)
Diluted loss for the period attributable to ordinary equity owners of the parent		(0,09)	(0,02)

The notes on pages 9 to 27 form an integral part of these consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Note	30 June 2014 US$	31 December 2013 US$	30 June 2013 US$
ASSETS				
Non-current assets				
Investment property	14b	57.378.800	39.600.000	39.270.576
Investment property under construction	14a	9.000.000	9.000.000	8.353.161
Advances for investments	14c	5.000.000	5.000.000	5.000.000
Property, plant and equipment		87.749	142.658	163.577
Long-term assets		171.522	-	-
		71.638.071	**53.742.658**	**52.787.314**
Current assets				
Prepayments and other current assets	15	4.182.324	4.958.887	5.035.303
Cash and cash equivalents	16	4.205.896	13.333.497	14.463.850
		8.388.220	**18.292.384**	**19.499.153**
Total assets		**80.026.291**	**72.035.042**	**72.286.467**
EQUITY AND LIABILITIES				
Issued share capital	17	5.771.208	5.762.809	5.728.918
Share premium		123.292.416	123.141.051	121.388.224
Convertible shares	17	956.871	-	-
Translation difference reserve	18	(1.297.695)	(1.340.671)	(1.205.749)
Accumulated losses		(78.004.340)	(75.355.408)	(75.735.952)
Equity attributable to equity holders of the parent		50.718.460	52.207.781	50.175.441
Non-controlling interests	19	1.025.641	1.063.265	1.034.508
Total equity		**51.744.101**	**53.271.046**	**51.209.949**
Non-current liabilities				
Interest bearing borrowings	20	-	-	1.872.630
Finance lease liabilities	24	9.987.452	534.264	526.169
Trade and other payables	21	443.095	662.599	671.004
Deposits from tenants	22	588.847	435.250	427.918
		11.019.394	**1.632.113**	**3.497.721**
Current liabilities				
Interest bearing borrowings	20	14.828.383	15.276.622	15.302.805
Trade and other payables	21	1.266.860	1.075.268	1.371.500
Taxes payable	23	279.945	584.102	460.197
Provisions for taxes	23	110.968	164.144	416.641
Deposits from tenants	22	162.492	-	-
Finance lease liabilities	24	614.148	31.747	27.654
		17.262.796	**17.131.883**	**17.578.797**
Total liabilities		**28.282.190**	**18.763.996**	**21.076.518**
Total equity and liabilities		**80.026.291**	**72.035.042**	**72.286.467**
US$ Net Asset Value (NAV) per share:	6			
Basic NAV attributable to equity holders of the parent		1,76	1,85	1,95
Diluted NAV attributable to equity holders of the parent		1,54	1,62	1,71

On 26th September 2014 the Board of Directors of SECURE PROPERTY DEVELOPMENT AND INVESTMENT PLC authorised these financial statements for issue.

Lambros Anagnostopoulos Director & Chief Executive Officer	Paul Ensor Director & Chairman of the Board	Constantinos Bitros Chief Financial Officer

The notes on pages 9 to 27 form an integral part of these consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to equity holders of the Parent							
	Share capital	Share premium, net	Convertible shares	Accumulated losses, net of non-controlling interest	Foreign currency translation reserve	**Total**	Non-controlling interests	**Total**
	US$	US$	US$	US$	US$	**US$**	US$	**US$**
Balance - 31 December 2012	**5.531.191**	**104.779.503**	-	**(75.170.260)**	**(1.249.526)**	**33.890.908**	**1.038.795**	**34.929.703**
Profit/(Loss) for the period	-	-	-	(565.692)	-	**(565.692)**	(4.287)	**(569.979)**
Issue of share capital	197.727	16.608.721	-	-	-	**16.806.448**	-	**16.806.448**
Foreign currency translation reserve	-	-	**-**	-	43.777	**43.777**	-	**43.777**
Balance - 30 June 2013	**5.728.918**	**121.388.224**	**-**	**(75.735.952)**	**(1.205.749)**	**50.175.441**	**1.034.508**	**51.209.949**
Profit/(Loss) for the period	-	-	-	380.544	-	**380.544**	28.757	**409.301**
Issue of share capital	33.891	1.752.827	**-**	**-**	**-**	**1.786.718**	**-**	**1.786.718**
Foreign currency translation reserve	**-**	**-**	**-**	**-**	(134.922)	**(134.922)**	**-**	**(134.922)**
Balance - 31 December 2013	**5.762.809**	**123.141.051**	**-**	**(75.355.408)**	**(1.340.671)**	**52.207.781**	**1.063.265**	**53.271.046**
Profit/(Loss) for the period	-	-	-	(2.648.931)	-	**(2.648.931)**	(37.624)	**(2.686.555)**
Issue of share capital, net (note 17)	8.399	151.365	-	-	-	**159.764**	-	**159.764**
Issue of convertible shares	-	-	956.871	-	-	**956.871**	-	**956.871**
Foreign currency translation reserve	-	-	-	-	42.976	**42.976**	-	**42.976**
Balance - 30 June 2014	**5.771.208**	**123.292.416**	**956.871**	**(78.004.340)**	**(1.297.695)**	**50.718.460**	**1.025.641**	**51.744.101**

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 20% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable on account of the shareholders.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Note	30 June 2014 US$	30 June 2013 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax and non-controlling interest		**(2.668.836)**	**(569.979)**
Adjustments for:			
Impairment loss/(reversal) of prepayments and current assets	10	-	8.161
Accounts payable written off	10	-	(339.207)
Depreciation of property, plant and equipment		8.139	5.795
Other expenses/(income)		(135.737)	82.089
Interest expense	11	794.090	674.372
Interest income	11	(72.509)	(46.630)
Change in provisions		(53.176)	
Effect of foreign exchange difference	12	19.993.208	25.399
Valuation gains from investment property	14	(18.122.951)	-
Gain on acquisition	14	(536.068)	-
Cash flows used in operations before working capital changes		**(793.840)**	**(160.000)**
Increase in prepayments and other current assets	15	(768.251)	(157.191)
Decrease in VAT recoverable	15	166.866	289.589
Decrease in trade and other payables	21	(473.688)	(577.775)
Change in other taxes and duties		37.318	(3.545)
Increase in deposit from tenants		208.263	-
Income tax paid		(359.194)	(66.085)
Net Working Capital Changes		**(1.188.686)**	**(515.007)**
Net cash flows used in operating activities		**(1.982.526)**	**(675.007)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in payables for construction	21	-	(218.007)
Capital expenditures on investment property	14	-	(40.576)
Decrease in financial lease liabilities	24	(11.194)	(39.998)
Changes of property, plant and equipment		(578)	(73.041)
Interest received		72.509	46.630
Acquisition of subsidiary	14	(5.936.994)	-
Net cash flows used in investing activities		**(5.876.257)**	**(324.992)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	17	-	17.045.000
Repayment of borrowings		(300.025)	(1.216.177)
Interest and financial charges paid		(952.558)	(603.342)
Net cash flow from financing activities		**(1.252.583)**	**15.225.481**
Effect of foreign exchange rates on cash		(16.235)	(18.079)
Net increase/(decrease) in cash at banks		**(9.127.601)**	**14.207.403**
Cash:	16		
At beginning of the period		13.333.497	256.447
At end of the period		**4.205.896**	**14.463.850**

The notes on pages 9 to 28 form an integral part of these consolidated financial statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. General Information

Country of incorporation

SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC (the "Company") was incorporated in Cyprus on 23 June 2005 and is a public limited liability company, listed on the London Stock Exchange (AIM): ISIN CY0102102213. Its registered office is at Kyriakou Matsi 16, Eagle House, 10th floor, Agioi Omologites, 1082 Nicosia, Cyprus.

Principal activities

The principal activities of the Group, which are unchanged, are directly or indirectly to invest in and/or manage real estate properties as well as real estate development projects in Central, East and South East Europe (the "Region"). These include the acquisition, development, operation and selling of property assets, in major population centres in the Region.

The Group maintains offices in Kiev, Ukraine and Nicosia, Cyprus, while it has an affiliate in Bucharest, Romania.

As at the reporting date, the Group has 19 Full Time Equivalent (FTEs, 10 in Ukraine and 6 in Romania) employed persons, including the CEO, the CFO and the Commercial Director (December 2013 → 13, June 2013 → 12, December 2012 → 13).

2. Adoption of new and revised Standards and Interpretations

The accounting policies adopted for the preparation of these interim condensed consolidated financial statements for the six months ended 30 June 2014 are consistent with those followed for the preparation of the annual financial statements for the year ended 31 December 2013.

3. Significant accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") have been condensed or omitted. However, such information reflects all adjustments (consisting of normal recurring adjustments), which are, in the opinion of the Group's management, necessary to fairly state the results of interim periods.

Interim results are not necessarily indicative of the results to be expected for the full year.

The 31 December 2013 statement of financial position was derived from the audited consolidated financial statements.

Basis of consolidation

The interim condensed consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries).

The Group's consolidated financial statements comprise the financial statements of the parent company, SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC and the financial statements of the following subsidiaries:

3. Significant accounting policies (continued)

Name	Country of incorporation	Related Asset	Holding % as at 30.06.2014	Holding % as at 30.06.2013
SECURE Capital Limited	Cyprus		100	100
SECURE Logistics Limited	Cyprus	Brovary Logistics Park	100	100
LLC Aisi Brovary	Ukraine	Brovary Logistics Park	100	100
LLC Terminal Brovary	Ukraine	Brovary Logistics Park	100	100
LLC Aisi Ukraine	Ukraine	Kiyanovskiy Residence	100	100
LLC Trade Center	Ukraine	Kiyanovskiy Residence	100	100
LLC Almaz-pres-Ukrayina	Ukraine	Tsymlianskiy Residence	55	55
LLC Aisi Bela	Ukraine	Bela Logistic Park	100	100
LLC Mirelium Investments	Ukraine	Zaporizhia Retail Center	100	100
LLC Interterminal	Ukraine	Zaporizhia Retail Center	100	100
LLC Aisi Outdoor	Ukraine		100	100
LLC Aisi Vida	Ukraine		100	100
LLC Aisi Val	Ukraine		100	100
LLC Aisi Ilvo	Ukraine		100	100
LLC Aisi Consta	Ukraine		100	100
LLC Aisi Roslav	Ukraine		100	100
LLC Aisi Donetsk	Ukraine		100	100
LLC Retail Development Balabino	Ukraine		100	100
Myrnes Innovations Park Limited	Cyprus	Innovations Logistics Park	100	-
Best Day Real Estate SRL	Romania	Innovations Logistics Park	100	-

As of the reporting date the subsidiaries as LLC Mirelium Investments, LLC Aisi Outdoor, LLC Aisi Vida, LLC Aisi Val, LLC Aisi Consta, LLC Aisi Roslav and LLC Aisi Donetsk were under the merging process to LLC Aisi Ilvo. The reorganization (merger) process is expected to be finished in H2 2014.

During the reporting period the Company acquired Myrnes Innovations Park and Best Day Real Estate Srl (note 14).

Functional and presentation currencies

The management believes that US Dollar reporting better reflects the economic substance of the underlying events and circumstances relevant to the Group itself.

The US Dollar is the functional currency of the Cyprus companies (one only operates in Euro) of the Group while RON is the functional currency of the newly acquired Romanian subsidiary (note 14). Ukrainian Hryvnia has been determined as functional currency for all Ukrainian companies of the Group.

The interim condensed consolidated financial statements are presented in US Dollar which is the Group's presentation currency.

As management records the consolidated financial information of the entities domiciled in Ukraine in Hryvnia and the consolidated financial information of the entities domiciled in Romania in Euro, in translating financial information of the entities domiciled in Ukraine and Romania into US Dollars for incorporation in the consolidated financial information, the Group follows a translation policy in accordance with International Accounting Standard No. 21, "The Effects of Changes in Foreign Exchange Rates", and the following procedures are performed:

- All assets and liabilities are translated at closing rate;
- Income and expense items are translated using exchange rates at the dates of the transactions, or where this is not practicable the average rate has been used;
- All resulting exchange differences are recognized as a separate component of equity;
- When a foreign operation is disposed of through sale, liquidation, repayment of share capital or abandonment of all, or part of that entity, the exchange differences deferred in equity are reclassified to the consolidated statement of comprehensive income as part of the gain or loss on sale.

3. Significant accounting policies (continued)

The relevant exchange rates of the Central Bank of Ukraine and Central Bank of Romania used in translating the financial information of the entities domiciled in Ukraine and in Romania into US Dollars are as follows:

	Average for the first 6 months ended		30 June	
Currency	**2014**	**2013**	**2014**	**2013**
UAH	10,275	7,993	11,823	7,993
RON	3,2339	3,3923	3,2138	3,4151

4. Financial risk Management

4.1 Financial risk factors

The Group is exposed to country risk, stemming from the political and economic environment of every country in which it operates.

4.1.1. Operating Country Risks

4.1.1.1 Ukraine

In recent years, the Ukrainian economy has been characterized by a number of features that contribute to economic instability, including a relatively weak banking system providing limited liquidity to Ukrainian enterprises, significant capital outflows, and low wages for a large portion of the Ukrainian population. On top, recent frictions with Russia have increased further the uncertainty both politically and economically.

The implementation of reforms has been impeded by lack of political consensus, controversies over privatization, the restructuring of the energy sector, the removal of exemptions and privileges for certain state-owned enterprises or for certain industry sectors, the limited extent of cooperation with international financial institutions and non-stable taxing environment.

Although Ukraine had made significant progress in increasing its gross domestic product, decreasing inflation, stabilizing its currency, increasing real wages and improving its trade balance, these gains were not sustainable over the longer term and may be reversed by the current political uncertainty which plunges the country into a state of potential war and separatism. In February 2014, the Parliament of Ukraine voted for reinstatement of the 2004 Constitution and dismissal of the incumbent President and a transitional government has been formed. On March 16, 2014 the residents of Crimea peninsula voted overwhelmingly for their region to secede to Russia in a referendum not globally accepted as legal and a week later Crimea was annexed by Russia. On 25 May 2014, presidential elections took place and a new President of Ukraine was elected.

Ukraine's government has to rely to a significant extent on official or multilateral borrowings to avoid bankruptcy, finance its budget deficit, fund its payment obligations under domestic and international borrowings and support foreign exchange reserves. These borrowings are to be conditioned on Ukraine's ability to achieve a stable political environment to implement strategic, institutional and structural reforms but seems to be mainly depending on how long and how severe the current geopolitical conflict will last; Further negative developments on these fronts may result in Ukraine not finding adequate financing which could have a material adverse effect on the Ukrainian economy as a whole, and thus, on the Group's business prospects.

Current Ukraine relations with Russia may adversely affect supplies of energy resources from Russia to Ukraine and Ukraine's revenues derived from transit charges for Russian oil and gas towards Europe. It already has negative effects on certain sectors of the Ukrainian economy which could under certain conditions affect the Group's business.

The Ukrainian legal system has also been developing to support a market-based economy. Ukraine's legal system is, however, in transition and is, therefore, subject to greater risks and uncertainties than a more mature legal system. In particular, risks associated with the Ukrainian legal system include, but are not limited to:
(i) inconsistencies between and among the Constitution of Ukraine and various laws, presidential decrees, governmental, ministerial and local orders, decisions, resolutions and other acts;
(ii) provisions in the laws and regulations that are ambiguously worded or lack specificity and thereby raise difficulties when implemented or interpreted;
(iii) difficulty in predicting the outcome of judicial application of Ukrainian legislation; and
(iv) the fact that not all Ukrainian resolutions, orders and decrees and other similar acts are readily available to the public or available in understandably organized form.

4. Financial risk Management (continued)

Furthermore, several fundamental Ukrainian laws either have only relatively recently become effective or are still pending hearing or adoption by the Parliament. The recent origin of much of Ukrainian legislation, the lack of consensus about the scope, content and pace of economic and political reform and the rapid evolution of the Ukrainian legal system in ways that may not always coincide with market developments, place the enforceability and underlying constitutionality of laws in doubt, and result in ambiguities, inconsistencies and anomalies.

In addition, Ukrainian legislation often contemplates implementing regulations. Often such implementing regulations have either not yet been promulgated, leaving substantial gaps in the regulatory infrastructure, or have been promulgated with substantial deviation from the principal rules and conditions imposed by the respective legislation, which results in a lack of clarity and growing conflicts between companies and regulatory authorities.

Tax laws are changing and compared to more developed market economies are in a non-mature level thus creating often an unclear tax environment of unusual complexity. This particularly may affect negatively the ability of the Group to recuperate VAT paid and/or to utilize operating losses as a carry forward tax shield.

Ukraine's current political and economic situation is subject to rapid change and the information set out in these financial statements may become outdated relatively quickly.

Since November 2013 the Ukrainian Hryvnia devalued against major world currencies and significant external financing is required to maintain stability of the economy. The Government of Ukraine has been negotiating with the International Monetary Fund ("IMF") and other financial institutions a provision of the financial aid and in April 2014 the Board of Governors of the IMF endorsed a two-year loan program for Ukraine in the total amount of US$ 17,010 million, out of which an installment of US$ 3,190 million was already obtained in May 2014. Ukraine's sovereign rating is at the level of CCC with a stable outlook.

Stabilization of the economy and the political situation depends, to a large extent, upon success of the Ukrainian government's efforts, yet further economic and political developments are currently unpredictable and their adverse affect on the Ukrainian economy may continue.

As of the date of this report, all operations of the Group's throughout Ukraine continued to be carried out normally.

4.1.1.2 Cyprus

During the past 10 years Cyprus has become an established financial center taking advantage of favorable double tax treaties with various countries around the world, most importantly with Eastern European countries where the Company operates. Due to the world financial crisis erupting in 2008 and the ensuing debt crisis which had a liquidity effect of the Cypriot banking system as in all of the south and east European countries, following the restructuring of the Greek public debt certain of the Cypriot banks have taken a blow to their solvency (write off of €4,5bn of Greek debt) and have requested the support of the ECB through the ELA mechanism.

Thus, the indebtedness of the Cypriot Republic and its two main banks Bank of Cyprus and Cyprus Popular Bank (Laiki) created the basis for the country to be part of a financial rescue plan under the supervision of the IMF, the ECB and the European Union in early 2013.

At the same time, the recent discovery of potentially significant natural gas and oil deposits within the boundaries of the Cypriot exclusive economic zone perplexes the geographic and political relationships and developments as Cyprus is in the crossroad of 3 continents.

Any failure to effect and implement an economic restructuring plan may have a significant negative effect on the financials of the Cypriot economy that could lead to a default and the abandonment of the Euro currency. Such result would have a destabilizing effect on the operations of the Company at the corporate level.

On that note, the Company had proactively evaluated the probable effect of the measures in relation to the levy on deposits and the restrictions on capital movement applied to Cyprus based financial institutions. The Company held most of its liquidity with non-Cypriot owned banking institutions, partly in Cyprus and partly outside Cyprus and to this date all operations of the Group's throughout Ukraine continued to be carried out normally.

4. Financial risk Management (continued)

4.1.2 Risks associated with property holding

Several factors may affect the economic performance and value of the Group's properties, including:

- risks associated with construction activity at the properties, including delays, the imposition of liens and defects in workmanship;
- the ability to collect rent from tenants, on a timely basis or at all;
- the amount of rent and the terms on which lease renewals and new leases are agreed being less favourable than current leases;
- cyclical fluctuations in the property market generally;
- local conditions such as an oversupply of similar properties or a reduction in demand for the properties;
- the attractiveness of the property to tenants or residential purchasers;
- decreases in capital valuations of property;
- changes in availability and costs of financing, which may affect the sale or refinancing of properties;
- covenants, conditions, restrictions and easements relating to the properties;
- changes in governmental legislation and regulations, including but not limited to designated use, allocation, environmental usage, taxation and insurance;
- the risk of bad or unmarketable title due to failure to register or perfect our interests or the existence of prior claims, encumbrances or charges of which we may be unaware at the time of purchase;
- the possibility of occupants in the properties, whether squatters or those with legitimate claims to take possession;
- the ability to pay for adequate maintenance, insurance and other operating costs, including taxes, which could increase over time; and
- political uncertainty, acts of terrorism and acts of nature, such as earthquakes and floods that may damage the properties.

4.1.3 Property Market price risk

Market price risk is the risk that the value of the Company's portfolio investments will fluctuate as a result of changes in market prices. The Group's assets are susceptible to market price risk arising from uncertainties about future prices of the investments. The Group's market price risk is managed through diversification of the investment portfolio, continuous elaboration of the market conditions and active asset management.

The prevailing global economic conditions throughout 2008-2010 and the ensuing Euro zone Sovereign Debt crisis have had a considerable effect on the market prices of the current portfolio investments of the Group.

In cases that the Board of Directors deemed necessary, it has taken provisions on the assets' valuation in order to ensure that the asset value is presented within the financial statements of the Group in such a way as to take into account various uncertainties. To quantify the value of its assets and/or indicate the possibility of impairment losses, the Company commissioned internationally acclaimed valuers.

4.1.4 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets apart from its cash balances that are mainly kept for liquidity purposes.

The Group is exposed to interest rate risk in relation to its borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. All of the Group's borrowings are issued at a variable interest rate. Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

4.1.5 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets at hand at the end of the reporting period. Cash balances are held with high credit quality financial institutions and the Group has policies to limit the amount of credit exposure to any financial institution.

Analysis for risks related to deposits is presented in note 4.1.1.2.

Management has been in continuous discussions with banking institutions monitoring their ability to extend financing as per the Group's needs. The sovereign debt crisis has affected the pan-European banking system from 2011 onwards imposing financing uncertainties for new development projects. The financial crisis in the European Union periphery has strained any remaining liquidity and the financial institutions in the region (including those that have Italian, Greek or Austrian parent) are contemplating deleveraging programs although during the reporting period management has observed such programs to ease.

4. Financial risk Management (continued)

4.1.6 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. Most of the Group's transactions, including the rental proceeds are denominated in the functional currency. For the rest of the foreign exchange exposure management monitors the exchange rate fluctuations on a continuous basis and acts accordingly, by limiting net exposures to 1-3 months.

As a precaution against probable depreciation of local currencies, and especially of the UAH, the majority of the Group's liquid assets are held in USD denominated deposit accounts while most of the inflows of the Group are pegged to the US dollar. However, the current political uncertainty in Ukraine, and the currency devaluation may result in effecting the Group's income streams indirectly through affecting the financial condition of the tenants of the Group's properties. Management is monitoring the situation closely and acts accordingly.

4.1.7 Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's core strategy is described in note 28 of the financial statements.

4.1.8 Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state.

Although the Group is trying to limit such risk, the uncertain environment in which it operates in various countries increases the complexities handled by management. The Group's exposures are discussed under note 28.

4.1.9 Litigation risk

Litigation risk is the risk of financial loss, interruption of the Group's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Group to execute its operations and is discussed in note 26.

4.1.10 Reputation risk

The risk of loss of reputation arising from the negative publicity relating to the Group's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Group. Following the Group's restructuring in 2011, the settlement of its liabilities, the letting of the Terminal Brovary warehouse and the first capital raise of the Company post 2010, management expects the Company to be receiving positive publicity.

4.2. Operational risk

Operational risk is the risk that derives from the deficiencies relating to the Group's information technology and control systems as well as the risk of human error and natural disasters. The Group's systems are evaluated, maintained and upgraded continuously.

4.3. Fair value estimation

The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the end of the reporting period.

5. Critical accounting estimates and judgments

The accounting estimates and judgments used in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

6. Earnings and net assets per share attributable to equity holders of the parent

a. Weighted average number of ordinary shares

	H1 2014		H1 2013
Issued ordinary shares	28.788.559		25.680.817
Weighted average number of ordinary shares (Basic)	28.192.277		22.770.720
Diluted weighted average number of ordinary shares	32.304.928		26.402.559

b. Basic diluted and adjusted earnings per share

	30 June 2014		30 June 2013
	US$		US$
Loss after tax attributable to owners of the parent	(2.648.931)		(565.692)
Basic	(0,09)		(0,02)
Diluted	(0,09)		(0,02)

Loss attributable to shareholders in the amount of US$ 2.648.931 is mainly derived from functional currency devaluation related to the investment property gains (note 14) and the non-realised foreign exchange losses from EBRD loan and intercompany loans provided by Secure Capital LTD (note 12). Considering also the investment property gains derived from functional currency devaluation, the overall foreign exchange impact is a net negative effect for the Group's equity of US$ 1.827.000 (note 12).

c. Net assets per share

	30 June 2014		31 December 2013
	US$		US$
Net assets attributable to equity holders of the parent	50.718.460		52.207.781
Number of ordinary shares	28.788.559		28.171.833
Diluted number of ordinary shares	32.901.210		32.196.381
Basic	1,76		1,85
Diluted	1,54		1,62

7. Operational income

Operational income represents rent, service charges and utilities' income generated during the reporting period through the rental agreements concluded with the tenants of the two income producing assets of the Group, the Terminal Brovary Logistics Park in Kiev and the Innovations Logistics Park in Bucharest. As at the reporting date the vacancy rate of both the Terminal and the Innovations was 0%.

8. Administration Expenses

	H1 2014	H1 2013
	US$	US$
Legal fees	182.621	206.305
Salaries and Wages	500.863	528.421
Consulting fees	872.712	138.751
Directors' remuneration	115.646	105.000
Public group expenses	71.872	56.563
Travelling expenses	90.880	159.853
Office expenses	75.942	56.506
Audit and accounting fees	74.510	63.634
Security	28.061	13.649
Taxes and duties	16.964	21.039
Depreciation	8.139	5.795
Other expenses	76.844	37.576
Total Administration Expenses	**2.115.054**	**1.393.092**

Legal and consulting fees mainly represent expenses of the Company in the various legal and tax cases it has in Ukraine as well as fees for the normal operation of the Group. Out of the Consulting fees an amount of $792.500 is non recurring.

Salaries and wages include the remuneration:

a) of the CEO, the CFO, the Group Commercial Director and the Managing Director Ukraine
b) of personnel employed in Ukraine

Directors' remuneration represents the remuneration of all non-executive Directors and committee members (note 25).

Public group expenses include among others fees paid to the AIM: LSE stock exchange and the Nominated Advisor of the Company related to the listing of the Company.

9. Investment property operating expenses

The Company has a three year Maintenance and Property Management Agreement with DTZ Consulting Limited Liability Company in respect of the servicing of Terminal Brovary Logistics Park. The Company has also a similar agreement with Colliers International for the Innovation Logistics Park.

Operating expenses also include utility expenses, insurance premiums, as well as various other expenses needed for the proper operation of the complexes in Kiev and in Bucharest.

10. Other operating income/(expenses), net

	H1 2014	H1 2013
	US$	US$
Accounts payable written off	-	339.207
Penalties	(11.292)	(16.133)
Other income/(expenses), net	(11.488)	(96.224)
Total	**(22.780)**	**226.850**

Accounts payable written off in H1 2013 mainly represent the amount of Altis Holding's (the general constructor of Terminal Brovary) guarantee reserve payable written off (US$ 311.390) as a result of negotiations and settlement within 2013.

Penalties recognized in the first half of 2014 and 2013 relate to Terminal Brovary LLC which were accrued by the tax authority on the land leased in Brovary.

Other expenses for 2014 and 2013 mainly consist of agency fees related to the letting of Terminal Brovary and VAT receivable written off amounting to US$ 38.409.

11. Finance costs/ (income), net

	H1 2014	H1 2013
	US$	US$
Borrowing interest expenses (notes 20, 25)	725.415	780.041
Finance leasing interest expenses (note 24)	68.675	39.998
Finance charges and commissions	52.820	10.301
Bank interest income	(72.509)	(46.630)
Net finance result	**774.401**	**783.710**

Borrowing interest represents interest paid on the borrowings of the Group for EBRD facility of the Terminal Brovary (note 20) and the interest expense accrued on a related party loan (note 25).

Finance leasing interest expenses relate to the sales and lease back agreement of the Group with Piraeus Leasing Romania for Innovations Logistics Park (note 24).

Finance charges and commissions include fees paid to the banks.

12. Foreign exchange losses

Foreign exchange losses (non realised) were derived from the loans denominated in US$: the EBRD loan (note 20) exchange loss in the amount of US$ 5.334.832 and the intercompany loans provided by Secure Capital LTD to Ukrainian subsidiaries (note 25) exchange loss of US$ 14.658.376 , because of the UAH devaluation which took place during the reporting period.

13. Tax

The corporate income tax rate for the Company's Ukrainian subsidiaries is 19% for the six months ended 30 June 2014. The corporate tax that is applied to the qualifying income of the Company and its Cypriot subsidiaries is 12.5% for the six months ended 30 June 2014.

14. Investment Property (all)

Investment Property consists of the following assets:

Terminal Brovary Logistic Park consists of a 49.180 sq m Class A warehouse and associated office space, situated on the junction of the main Kiev – Moscow highway and the Borispil road. The facility is in operation since Q1 2010 and as at the end of the reporting period is 100% leased.

Innovations Logistic Park is a 16.570 sq m gross leasable area logistics park located in Clinceni in Bucharest, which benefits from being on the Bucharest ring road. Its construction was tenant specific, was completed in 2008 and is separated in four warehouses, two of which offer cold storage, the total area of which being 6.395 sqm. Innovations was acquired by the Company in May 2014 (note 14).

14. Investment Property (all)

Bela Logistic Center is a 22,4Ha plot in Odessa situated on the main highway to Kiev. Following the issuance of permits in 2008, below ground construction for the development of a 103.000 sq m GBA logistic center commenced. Construction was put on hold in 2009 following adverse macro-economic developments at the time.

Kiyanovsky Lane consists of four adjacent plots of land, totaling 0,55 Ha earmarked for a residential development, overlooking the scenic Dnipro River, St. Michael's Spires and historic Podil neighbourhood.

Tsymlianskiy Lane, is a 0,36 Ha plot of land located in the historic Podil District of Kiev and is destined for the development of a residential complex.

Balabino project is a 26,38 ha plot of land situated on the south entrance of Zaporizhia, a city in the south of Ukraine with a population of 800.000 people. Balabino is zoned for retail and entertainment development.

Asset Name	**Description / Location**	**Principal activities / Operations**	**Related Companies**	**Carrying amount as at 30 June 2014 US$**	**Carrying amount as at 31 December 2013 US$**
Terminal Brovary Logistics Park	Brovary, Kyiv oblast	Warehouse	TERMINAL BROVARY AISI BROVARY AISI LOGISTICS	25.200.000	25.200.000
Innovations Logistic Park	Clinceni, Bucharest	Warehouse	MYRNES INNOVATIONS PARK LIMITED, Best Day Real Estate SRL	17.778.800	-
Bela Logistic Center	Odesa	Land and Development Works for Warehouse	AISI BELA	9.000.000	9.000.000
Kiyanovskiy Lane	Podil, Kiev City Center	Land for residential development	AISI UKRAINE TORGOVIY CENTR	7.400.000	7.400.000
Tsymlianskiy Lane	Podil, Kiev City Center	Land for residential development	ALMAZ PRES UKRAINE	2.400.000	2.400.000
Balabino	Zaporizhia	Land for retail development	INTERTERMINAL MERELIUM INVESTMENTS	4.600.000	4.600.000
TOTAL				**66.378.800**	**48.600.000**

Carrying amounts of the properties owned as of 30 June 2014 stated in these interim condensed consolidated financial statements remain the same as were presented in the Group's audited consolidated financial statements as of 31 December 2013 in terms of their value in US$ as provided by CBRE an external valuer. The exchange gains from investment property of US$18.122.951 presented in these interim condensed consolidated financial statements arose from UAH devaluation which took place during the reporting period. Fair value estimates on all the Ukrainian properties remain the same as per the December 2013 valuations.

a. Investment Property Under Construction

As at 30 June 2014 investment property under construction represents the carrying value of Bela Logistic Center project, which has reached the +10% construction in late 2008 but it is stopped since then. The Company's external valuer has appraised the property's value at US$9.000.000 as at 31 December 2013.

b. Investment Property

	H1 2014
	US$
At 1 January	**39.600.000**
Capital expenditure on investment property	-
Revaluation gain/(loss) on investment property	-
Acquisition of investment property	17.778.800
At 30 June	**57.378.800**

14. Investment Property (all)

Terminal Brovary, Innovations, Kiyanovskiy Lane, Tsymlyanskiy Lane and Balabino Village are included in the Investment Property category.

Acquisition of Subsidiaries

In May 2014, the Group acquired 100% of the shares of Myrnes Innovations Park Limited ("Myrnes"), a Cyprus registered company which in turns owns 100% of the shares of Best Day Real Estate SRL ("Best Day"), a Romanian entity, owner of a multipurpose warehousing space in South Bucharest, Romania. The acquisition has been funded by €4.4 million of the Company's existing cash resources and by issuance of 785.000 convertible shares to the sellers of the asset, with the remainder funded by bank debt (note 24). The fair value of identifiable assets and liabilities of Best Day Real Estate SRL as of the date of acquisition was as follows:

	Fair value recognized on acquisition
	US$
ASSETS	
Non-current assets	
Investment property	17.778.800
Long-term assets	171.522
	17.950.322
Current assets	
Cash and cash equivalents	42.153
	42.153
Total assets	**17.992.475**
Non-current liabilities	
Finance lease liabilities	9.665.767
	9.665.767
Current liabilities	
Trade and other payables	263.389
Finance lease liabilities	591.233
	854.622
Total liabilities	**10.520.389**
Net assets acquired	**7.472.086**
Gain realized on acquisition (Net Assets – Total consideration)	**536.068**
Financed by	
Cash consideration paid	5.979.147
Issue of convertible shares	956.871
Total consideration	**6.936.018**

c. Advances for Investments

The Group has made an advance payment of ~US$12mil. (representing principal plus interest) for the acquisition of a project in Podol (Kiev) in 2007. As of the end of the reporting period the management does not expect such acquisition to proceed while the seller has already defaulted on his credit to the Group.

As a consequence, the Group has progressed the legal proceedings initiated in 2013, for the transfer of the collateral (land plot of 42 ha in Kyiv Oblast) in the Group's name as well as legal proceeding against the company which collected the original US$12mil. payment.

15. Prepayments and other current assets

	30 June 2014	31 December 2013
	US$	US$
Prepayments and other current assets	843.894	781.182
VAT and other tax receivable	2.254.549	3.637.251
Deferred expenses	1.083.881	540.454
Total	**4.182.324**	**4.958.887**

Prepayments and other current assets mainly include prepayments made for services received by the Company. The figure includes as well the amount of ~US$135.000 which is the blocked amount by Cyprus authorities subject to finalisation of Laiki Bank restructuring and the possible receipt of shares in Bank of Cyprus.

15. Prepayments and other current assets (continued)

VAT and other tax receivable represent the current portion of the Terminal Brovary VAT receivable, to be offset from VAT charged over rental income during the next years. The decrease is mainly attributable to the UAH devaluation during the reporting period.

Deferred expenses include legal, advisory, consulting and marketing expenses related to the ongoing share capital increase as mandated by the Annual General Meeting of the Company on 26/11/2012 and 30/12/2013 and due diligence expenses related to the possible acquisition of investment properties.

16. Cash and cash equivalents

Cash and cash equivalents represent liquidity held at banks.

	30 June 2014	31 December 2013
	US$	US$
Cash at banks in US$	1.868.553	8.326.109
Cash at banks in EUR	1.902.235	4.656.989
Cash at banks in UAH	132.338	203.101
Cash at banks in RON	301.540	-
Cash equivalents	1.230	147.298
Total	**4.205.896**	**13.333.497**

17. Share capital

Number of Shares (as at)	31 December 2013	20 March 2014	16 May 2014	24 June 2014	30 June 2014
		Reduction of Share Capital	Increase of Share Capital	Increase of Share Capital	
Authorised					
Ordinary shares of €0,01 each	989.869.935	-	-	-	989.869.935
Ordinary Shares of €0,92 each	1	(1)	-	-	-
Deferred Shares of €0,99 each	4.142.727	(4.142.727)	-	-	-
Convertible Shares of €0,01each	-	-	785.000	-	785.000
Total	994.012.663	(4.142.728)	785.000	-	990.654.935
Issued and fully paid					
Ordinary shares of €0,01 each	28.171.833	-	-	616.726	28.788.559
Ordinary Shares of €0,92 each	1	(1)	-	-	-
Deferred Shares of €0,99 each	4.142.727	(4.142.727)	-	-	-
Convertible Shares of €0,01each	-	-	785.000	-	785.000
Total	32.314.561	(4.142.728)	785.000	616.726	29.573.559

Value (as at)	31 December 2013	20 March 2014	16 May 2014	24 June 2014	30 June 2014
		Reduction of Share Capital	Increase of Share Capital	Increase of Share Capital	
Authorised (€)					
Ordinary shares of €0,01 each	9.898.699	-	-	-	9.898.699
Ordinary Shares of €0,92 each	0.92	(0.92)	-	-	-
Deferred Shares of €0,99 each	4.101.300	(4.101.300)	-	-	-
Convertible Shares of €0,01each	-	-	7.850	-	7.850
Total	14.000.000	(4.101.301)	7.850	-	9.906.549
Issued and fully paid ($)					
Ordinary shares of €0,01 each	5.762.809	-	-	8.399	5.771.208
Ordinary Shares of €0,92 each	-	-	-	-	-
Deferred Shares of €0,99 each	-	-	-	-	-
Convertible Shares of €0,01each	-	-	10.751	-	10.751
Total	5.762.809	-	10.751	8.399	5.781.959

17. Share capital (continued)

17.1 Authorised Share Capital

As at the end of 2013 the authorized share capital of the Company was 989.869.935 Ordinary Shares of €0,01 nominal value each, 1 Ordinary Share of €0,92 nominal value and 4.142.727 Deferred Shares of €0,99 nominal value each.

On March 20, 2014 following the approval of the Annual General Meeting of 30/12/2013 the authorized share capital of the Company was reduced to €9.898.699,35 divided into 989.869.935 ordinary shares of €0,01 each and such reduction was effected by the cancellation of 1 ordinary share of €0,92 and 4.142.727 deferred shares of €0,99 each for the purpose of writing off losses of the Company.

On May 16, 2014 following the approval of the Extraordinary General Meeting of 5/5/2014 the authorized share capital of the Company was increased by €7.850 and such increase was effected by the issuance of 785.000 Convertible shares €0,01 each (note 17) for the purpose of in kind contribution of Innovation Park acquisition (note 14).

As at the end of the reporting period the authorized share capital of the Company is 989.869.935 Ordinary Shares of €0,01 nominal value each and 785.000 Convertible Shares of €0,01 nominal value each.

17.2 Issued Share Capital

As at the end of 2013 the issued share capital of the Company was 28.171.833 Ordinary Shares of €0,01 nominal value each, 1 Ordinary Share of €0,92 nominal value and 4.142.727 Deferred Shares of €0,99 nominal value each.

Further to the resolutions approved at the AGM of 30 December 2013 and at the EGM of 5 May 2014 the Board has proceeded:

1. On 20/3/2014, following the approval of the Annual General Meeting of 30/12/2013, in cancellation of 1 ordinary share of €0,92 and 4.142.727 deferred shares of €0,99 each for the purpose of writing off losses of the Company.
2. On 16/5/2014, following the approval of the Extraordinary General Meeting of 5/5/2014, in allotment of 785.000 Convertible shares €0,01 each for the purpose of in kind contribution of Innovation Park acquisition.
3. On 24/6/2014, following the approval of the Annual General Meeting of 30/12/2013, in allotment of 116.726 ordinary shares of €0,01 each to its Directors, who thus converted their receivables by the Company for 2013 amounting to GBP 86.375. (note 25) into equity.
4. On 24/6/2014, following the approval of the Annual General Meeting of 30/12/2013, in allotment of 550.000 ordinary shares of €0,01 each to the Directors, Management, Employees and Advisors of the Company in order to reward them for their continued commitment to the Company and their dedication and hard work in assisting the Company's turnaround since August 2011 and in working towards achieving its investment strategies and goals.

As at the end of the reporting period the issued share capital of the Company is 28.788.559 Ordinary Shares of €0,01 nominal value each and 785.000 Convertible Shares of €0,01 nominal value each.

17.3 Director's Option scheme

Under the said scheme each of the directors serving at the time, which is still a Director of the Company is entitled to subscribe for 2.631 Ordinary Shares exercisable as set out below:

	Exercise Price	Number of
	US$	Shares
Exercisable till 1 August 2017	57	1.754
Exercisable till 1 August 2017	83	877

Director Franz M. Hoerhager Option scheme, 12 October 2007

Under the said scheme, director Franz M. Hoerhager is entitled to subscribe for 1.829 ordinary shares exercisable as set out below:

	Exercise Price	Number of
	GBP	Shares
Exercisable till 1 August 2017	40	1.219
Exercisable till 1 August 2017	50	610

17. Share capital (continued)

17.4 Warrants issued

On 8 August 2011 the Company has issued an amount of Class B Warrants for an aggregate equivalent to 12,5% of the issued share capital of the Company at the exercise date. Each Class B Warrant entitles the holder to receive one Ordinary Share. The Class B Warrants may be exercised at any time until 31st December 2016, pursuant to a decision by the AGM of 30/12/2013. The exercise price of the Class B Warrants will be the nominal value per Ordinary Share as at the date of exercise. The Class B Warrant Instruments have anti-dilution protection so that, in the event of further share issuances by the Company, the number of Ordinary Shares to which the holder of a Class B Warrant is entitled will be adjusted so that he receives the same percentage of the issued share capital of the Company (as nearly as practicable), as would have been the case had the issuances not occurred. This anti-dilution protection will lapse on the earlier of (i) the expiration of the Class B Warrants; and (ii) capital increase(s) undertaken by the Company generating cumulative gross proceeds in excess of US$100.000.000. As of the reporting date, the aggregate amount of class B warrant is 4.112.651.

17.5 Capital Structure as at the end of the reporting period

As at the reporting date the Company's share capital is as follows:

Number of		**(as at)** 30 June 2014	**(as at)** 31 December 2013
Ordinary shares of €0,01	Listed in AIM	28.788.559	28.171.833
Class B Warrants		4.112.651	4.024.548
Total number of Shares	**Non Dilutive Basis**	**28.788.559**	**28.171.833**
Total number of Shares	**Full Dilutive Basis**	**32.901.210**	**32.196.381**
Ordinary Share €0,92		-	1
Options		4.460	4.460
Convertible shares		785.000	-

17.6 Convertible shares description

During the reporting period the Company has issued 785.000 convertible SPDI shares of nominal value €0,01 each. The Convertible shares have no voting powers or rights to dividend. 392.500 of the Convertible Shares shall be redeemed out of profits by the Company on 31 January 2015 (the “Redemption Date 1”) at the price of €0,89 each and the rest 392.500 of the Convertible Shares shall be redeemed out of profits by the Company on 31 January 2016 (the “Redemption Date 2”) at the price of €0,89. At any time prior to the Redemption Dates the holders shall have the option to unilaterally reconvert the Convertible Shares into ordinary shares of €0,01 each.

18. Foreign Currency Translation Reserve

Exchange differences related to the translation from the functional currency of the Group’s subsidiaries are accounted by entries made directly to the foreign currency translation reserve. The foreign exchange translation reserve represents unrealized profits or losses related to the appreciation or depreciation of the local currencies against the US$ in the countries where the Company’s subsidiaries’ functional currencies are not US$.

19. Non-Controlling Interests

Non-controlling interests represent the equity value of 45% shareholding in LLC Almaz-pres-Ukrayina, which is being held by ERI Trading & Investments Co. Limited.

20. Borrowings

	30 June 2014	**31 December 2013**
	US$	**US$**
Principal EBRD loan	13.931.024	14.231.049
Restructuring fees and interest payable to EBRD	897.359	785.098
Interests payable to related parties (note 25)	-	32.098
Interests accrued on bank loans	-	228.377
Total	**14.828.383**	**15.276.622**

20. Borrowings (continued)

In March 2013 the Company finalized negotiations with the EBRD on rescheduling the amortization plan of the Brovary construction loan. Unfortunately, at that time the Cyprus crisis hit, and the B Lender (Laiki Bank) soon became bankrupt and unable to approve such restructuring, despite the fact that SPDI has been observing the capital repayments under the new agreement with EBRD's consent ever since. In December 2013 the Company received notice that the B Lender agreed to the restructuring officially. According to the signed term sheet with EBRD the repayment of the loan is being extended to 2022, with a balloon payment of US$3.633.333. The exact terms of the loan restructuring will be announced upon signing of the related documents.

Under the current agreement the collaterals accompanying the existing loan facility are as follows:

1. LLC Terminal Brovary pledged all movable property with the carrying value more than US$25.000.
2. LLC Terminal Brovary pledged its Investment property, Brovary Logistics Centre that was finished construction in 2010 (note 14), and all property rights on the center.
3. SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC pledged 100% corporate rights in SL SECURE Logistics Ltd, a Cyprus Holding Company for the Shareholder of LLC Terminal Brovary, LLC Aisi Brovary.
4. SL SECURE Logistics Ltd pledged 99% corporate rights in LLC Aisi Brovary.
5. LLC Aisi Brovary pledged 100% corporate rights in LLC Terminal Brovary.
6. LLC Terminal Brovary pledged all current and reserved accounts opened by LLC Terminal Brovary in Fido Bank, Ukraine.
7. LLC Aisi Brovary entered into a call and put option agreement expiring on 16th of September 2014 with EBRD, SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC and LLC Terminal Brovary pursuant to which following an Event of Default (as described in the Agreement) EBRD has the right (Call option) to purchase at the Call Price from LLC Aisi Brovary, 20% of the Participatory Interest of LLC Terminal Brovary on the relevant Settlement Date. To this date and even though the loan is in default, EBRD has not served any notice of exercising the call option and as the discussion for the restructuring of the loan facility has been finalized, management estimates that such possibility has low probability to materialize before signing the restructuring. Furthermore, management is in discussions with EBRD for the cancellation of the option, as a result of the loan restructuring itself. Should such call option be exercised EBRD would have the put option right, exercisable in its sole discretion, to sell to LLC Aisi Brovary all but not less than all of the Participatory Interest, received under the call option, in the Charter Capital of LLC Terminal Brovary held by EBRD on the relevant Settlement Date at the Put Price.
8. LLC Terminal Brovary has granted EBRD a second ranking mortgage in relation to its own and LLC Aisi Brovary's obligations under the call and put option agreement.

21. Trade and other payables

	30 June 2014	31 December 2013
	US$	US$
Payables to related parties (note 25)	552.327	793.280
Payables for construction, non-current	290.880	405.447
Deferred income from tenants, non-current	152.214	257.151
Deferred income from tenants, current	91.282	-
Payables for services	475.734	167.091
Accruals	147.518	114.898
Total	**1.709.955**	**1.737.867**

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

Payables for construction represent amounts payable to the contractor of Bela Logistic Center in Odessa. The settlement was reached in late 2011 on the basis of maintaining the construction contract in an inactive state (to be reactivated at the option of the Group), while upon reactivation of the contract or termination of it (because of the sale of the asset) the Group would have to pay an additional UAH5.400.000 (~US$ 450.000) payable upon such event occurring. Since it is uncertain when the latter amount is to be paid it has been discounted at the current discount rates in Ukraine and is presented as a non-current liability.

Deferred Income from Tenants represents advances from tenants which will be used as future rental income & utilities charges.

Payables for services represent amounts payable to various service providers including auditors, legal advisors, consultants and third party accountants.

22. Deposits from Tenants

Deposits from tenants appearing under current and non-current liabilities include the amounts received from the tenants of LLC Terminal Brovary and Best Day SRL as advances/guarantees and are to be reimbursed to these clients at the expiration of the leases agreements.

23. Taxes payable & Provisions for taxes

	30 June 2014	31 December 2013
	US$	US$
Corporate Income tax payable	238.583	580.058
Other taxes payable	41.362	4.044
Provisions for taxes	110.968	164.144
Total Tax Liability	**390.913**	**748.246**

Corporate Income tax represents taxes payable in Cyprus and Romania.

Other taxes represent local property taxes payable in Ukraine, Romania and Cyprus.

Provision represents a management estimate on potential land tax payable for Bela LLC and land lease payment Terminal Brovary LLC accrued by the Tax Authority (note 26).

24. Finance lease liabilities

	Minimum lease payments	Interest	Principal
	30 June 2014	30 June 2014	30 June 2014
	US$	US$	US$
Less than one year	851.341	749.183	102.158
Between two and five years	3.450.723	2.883.274	567.450
More than five years	12.103.970	5.001.669	7.102.301
	16.406.034	**8.634.126**	**7.771.908**

	Minimum lease payments	Interest	Principal
	31 December 2013	31 December 2013	31 December 2013
	US$	US$	US$
Less than one year	104.404	94.458	9.946
Between two and five years	443.054	293.852	149.202
More than five years	1.777.789	1.522.296	255.493
	2.325.247	**1.910.606**	**414.641**

24.1 Land Plot Financial Leasing

The Group rents land plots classified as finance lease. Lease obligations are denominated in UAH.

The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

The fair value of lease obligations approximates their carrying amounts.

24.2 Sale and Lease Back Agreement

In May 2014 the Company concluded the acquisition of Innovations Logistics Park in Bucharest (note 14), owned by Best Day Srl, through receiving debt from Piraeus Leasing Romania SA in the form of a sale and lease back agreement. The financed amount was €7.500.000 (without VAT) bearing interest rate at 3M Euribor plus 4,45% margin, being repayable in monthly tranches until 2028. At the maturity of the lease agreement Best Day will become owner of the asset.

Under the current finance lease agreement the collaterals accompanying the facility are as follows:

1. Best Day pledged its future receivables from its tenants.
2. Best Day pledged its shares.
3. Best Day pledged all current and reserved accounts opened in Piraeus Leasing , Romania.
4. Best Day is obliged to provide cash collateral in the amount of €250.000 in Piraeus Leasing Romania, which shall be deposited as follows, half in May 2014 and half in May 2015.
5. SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC provided a corporate guarantee in favor of the bank towards the liabilities of Best Day arising from the sales and lease back agreement.

25. Related Party Transactions

The following represent transactions with related parties:

25.1 Expenses

The below expenses were recognized during the reporting period:

	H1 2014	H1 2013
	US$	US$
Management Remuneration	214.684	209.600
Board of Directors & Committees	115.646	105.004
Back office - SECURE Management Ltd	48.202	88.953
Interest expenses to Narrowpeak loan (notes 11,25)	-	98.105
Total	**378.532**	**501.662**

Management remuneration represents the remuneration of the CEO and the CFO pursuant to the decision of the Remuneration Committee.

Board of Directors and Committees expense represents the remuneration of all the non-executive members of the board pursuant to the decision of the Remuneration Committee.

Back office expenses represent expenses incurred by the Group for part time expert personnel of SECURE Management Ltd, a real estate project and asset management company, seconded to the Company to cover various non-permanent positions, variations of the work flow in finance and administration functions and/or specialized advisory and consultancy needs.

Interest expense in H1 2013 represents the interest from the loan granted on 21st September 2012 from Narrowpeak Consultants Ltd and other parties, in order to facilitate the Group's cash flow. The loan to the Company was of up to US$2.500.000 bearing interest at 12% per annum and was repayable on 31st December 2014. Within 2013 the loan amount totaling to US$1.700.000 was converted into equity and the lenders received 2.310.190 shares.

25.2 Borrowings from related parties

	30 June 2014	31 December 2013
	US$	US$
Narrowpeak Consultants Ltd (note 20)	-	228.377
Total	**-**	**228.377**

On 21st September 2012, Narrowpeak Consultants Ltd and other parties, have provided a loan to the Company of up to US$2.500.000 bearing interest at 12% per annum which was repayable by 31 December 2014. Within 2013 the loan amount totaling to US$1.700.000 was converted into equity and the lenders received 2.310.190 shares. The amount payable at the end of 2013 represents the interest payable from the convertible loan which was settled within 2014.

25.3 Loans from SC SECURE Capital Ltd to the Company's subsidiaries

SECURE CAPITAL LTD, the finance subsidiary of the Company has proceeded to provide capital in the form of loans to the Ukrainian subsidiaries of the Company so as to support the acquisition of assets, development expenses of the projects, as well as various operational costs.

Borrower	Repayment date	Limit -US$	Outstanding amount, as of 30 June 2014 - US$	Outstanding amount, as of 31 December 2013-US$
LLC "TERMINAL BROVARY"	19/12/2014	35.000.000	33.182.771	33.482.771
LLC "AISI UKRAINE"	18/10/2014	28.000.000	14.903	14.903
LLC "ALMAZ PRES	21/03/2014	10.000.000	170.000	170.000

25.4 Payables to related parties

The below amounts were payables as at the end of the reporting period:

	30 June 2014	31 December 2013
	US$	US$
Grafton Properties	150.000	150.000
Secure Management Ltd	24.000	-
Board of Directors & Committees	122.789	159.514
Management Remuneration	255.538	483.766
Total	**552.327**	**793.280**

25. Related Party Transactions (continued)

25.4.1 Board of Directors & Committees

The amount payable represents mainly fees payable to non-Executive Directors and members of Committees covering H1 2014 remuneration. The members of the Board of Directors have agreed in order to facilitate the Company's cash flow, to exchange part of their fees related to prior years for shares in the Company's capital. This was approved by the Annual General Meeting of the Company's shareholders.

25.4.2 Loan payable to Grafton Properties

Under the Settlement Agreement of July 2011, the Company undertook the obligation to repay to certain lenders who had contributed funds for the operating needs of the Company between 2009-2011, by lending to AISI Realty Capital LLC, the total amount of US$450.000. As of the reporting date the liability towards Grafton Properties, representing the Lenders, was US$150.000, which is contingent to the Company raising US $50m of capital in the markets.

25.4.3 Payable to Secure Management

Payable to Secure Management represents the amount allotted for expert personnel seconded by SECURE Management Ltd, covering for Q2 2014.

25.4.4 Management Remuneration

Management Remuneration represents deferred amounts payable to the CEO and CFO.

26. Contingent liabilities

The Group is involved in various legal proceedings in the ordinary course of its business.

26.1 Tax litigation

The Group performed during the reporting period most of its operations in Ukraine and therefore within the jurisdiction of the Ukrainian tax authorities. The Ukrainian tax system can be characterized by numerous taxes and frequently changing legislation, which may be applied retroactively, open to wide interpretation and in some cases, is conflicting. Instances of inconsistent opinions between local, regional, and national tax authorities and between the National Bank of Ukraine and the Ministry of Finance are not unusual. Tax declarations are subject to review and investigation by a number of authorities, which are enacted by law to impose severe fines and penalties and interest charges.

Any tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open for longer. These facts create tax risks which are substantially more significant than those typically found in countries with more developed tax systems. Management believes that it has adequately provided for tax liabilities, based on its interpretation of tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

At the same time the Group's entities are involved in court proceedings with tax authorities; management believes that the estimates provided within the financial statements present a reasonable estimate of the outcome of these court cases.

26.2 Construction related litigation

There are no material claims from contractors due to the postponement of projects or delayed delivery other than those appearing in the financial statements.

26.3 Other Litigation

Management does not believe that the result of any legal proceedings will have a material effect on the Group's financial position or the results of its operations other than the one already provided for, within the financial statements.

26.4 Other Contingent Liabilities

The Group had no other contingent liabilities as at 30 June 2014.

27. Commitments

The Group had no commitments as at 30 June 2014.

28. Financial Risk Management

28.1 Capital Risk Management

The Group manages its capital in order to maximize the return to stakeholders through the optimization of the debt-equity structure and value enhancing actions in respect of its portfolio of investments. The capital structure of the Group consists of borrowings (note 20), net of cash and cash equivalents (note 16) and equity attributable to ordinary shareholders (issued capital, reserves and retained earnings).

The Group is not subject to any externally imposed capital requirements.

28. Financial Risk Management (continued)

Management reviews the capital structure on an on-going basis. As part of the review management considers the differential capital costs in the debt and equity markets, the timing at which each investment project requires funding and the operating requirements so as to proactively provide for capital either in the form of equity (issuance of shares to the Group's shareholders) or in the form of debt. Management balances the capital structure of the Group with a view of maximizing the shareholder's Return on Equity (ROE) while adhering to the operational requirements of the property assets and exercising prudent judgment as to the extent of gearing.

28.2 Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liabilities and equity instruments are disclosed in note 3 of the financial statements.

28.3 Categories of Financial Instruments

Financial Assets	Note	30 June 2014	31 December 2013
		US$	US$
Cash at Bank	16	4.205.896	13.333.497
Total		**4.205.896**	**13.333.497**
Financial Liabilities	**Note**	**30 June 2014**	**31 December 2013**
		US$	US$
Interest bearing borrowings	20	14.828.383	15.276.622
Trade and other payables	21	1.709.955	1.737.867
Deposits from tenants	22	751.339	435.250
Finance lease liabilities	24	10.601.600	566.011
Taxes payable	23	279.945	748.246
Total		**28.171.222**	**18.763.996**

28.4 Financial Risk Management Objectives

The Group's Treasury function provides services to its various corporate entities, coordinates access to local and international financial markets, monitors and manages the financial risks relating to the operations of the Group, mainly the investing and development functions. Its primary goal is to secure the Group's liquidity and to minimize the effect of the financial asset price variability on the cash flow of the Group. These risks cover market risks including foreign exchange risks and interest rate risk as well as credit risk and liquidity risk.

The above mentioned risk exposures may be hedged using derivative instruments whenever appropriate. The use of financial derivatives is governed by the Group's approved policies which indicate that the use of derivatives is for hedging purposes only. The Group does not enter into speculative derivative trading positions. The same policies provide for the investment of excess liquidity. As at 30 June 2013, the Group had not entered into any derivative contracts.

28.5 Economic Market Risk Management

The Group's activities expose it primarily to financial risks of changes in currency exchange rates and interest rates. The exposures and the management of the associated risks are described below. There has been no change to the Group's manner in which it measures and manages risks.

Foreign Exchange Risk
Currency risk arises when commercial transactions and recognized financial assets and liabilities are denominated in a currency that is not the Group's functional currency. Most of the Group's financial assets are denominated in the functional currency. Management is monitoring the net exposures and enacts policies to contain them so that the net effect of devaluation is minimized.

Interest Rate Risk
The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. On June 30th, 2014, cash and cash equivalent financial assets amounted to US$4.205.896 (31/12/2013:US $13.333.497).

The Group is exposed to interest rate risk in relation to its borrowings amounting to US$14.828.383 (31/12/2013: US$15.276.622) as they are issued at variable rates tied to the Libor. Management monitors the interest rate fluctuations on a continuous basis and evaluates hedging options to align the Group's strategy with the interest rate view and the defined risk appetite. Although no hedging has been applied for the reporting period, such may take place in the future if deemed necessary in order to protect the cash flow of a property asset through different interest rate cycles.
The Group's exposures to financial risk are discussed also in note 4.

28. Financial Risk Management (continued)

28.6 Credit Risk Management

The Group has no significant credit risk exposure. The credit risk emanating from the liquid funds is limited because the Group's counterparties are banks with high credit-ratings assigned by international credit rating agencies. The Credit risk of receivables is reduced as the majority of the receivables represent VAT to be offset through VAT income in the future.

28.7 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which applies a framework for the Group's short, medium and long term funding and liquidity management requirements. The Treasury function of the Group manages liquidity risk by preparing and monitoring forecasted cash flow plans and budgets while maintaining adequate reserves. The following table details the Group's contractual maturity of its financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities including interest that will be accrued.

30 June 2014	Carrying amount	**Total**	Less than one year	From one to two years	More than two years
	US$	**US$**	US$	US$	US$
Financial assets					
Cash at Bank	4.205.896	**4.205.896**	4.205.896	-	-
Financial liabilities					
Interest bearing borrowings	14.828.383	**14.828.383**	14.828.383	-	-
Trade and other payables	1.709.955	**1.709.955**	1.266.861	152.214	290.880
Deposits from tenants	751.339	**751.339**	162.492	85.009	503.838
Finance lease liabilities	10.601.600	**16.406.034**	851.341	843.406	14.711.287
Taxes payable	279.945	**279.945**	279.945	-	-

31 December 2013	Carrying amount	**Total**	Less than one year	From one to two years	More than two years
	US$	**US$**	US$	US$	US$
Financial assets					
Cash at Bank	13.333.497	**13.333.497**	13.333.497	-	-
Financial liabilities					
Interest bearing borrowings	15.276.622	**15.276.622**	15.276.622	-	-
Trade and other payables	1.737.867	**1.737.867**	1.075.268	-	662.599
Deposits from tenants	435.250	**435.250**	-	262.546	172.704
Finance lease liabilities	566.011	**2.325.247**	104.404	104.404	2.116.439
Taxes payable	748.246	**748.246**	748.246	-	-

29. Events after the end of the reporting period

A. Dimitriou Warehouse and Photovoltaic Park Acquisition

The Company reached a binding agreement in August for the acquisition of Dimitriou warehouse, an income producing logistics park that includes warehouse space as well as an alternative energy production facility in Athens, Greece which is expected to be concluded upon the transfer of the asset from previous owner to a newly formed company, and completion of certain other conditions. The complex is currently 100% occupied, while the major tenant (~70%) is the international transportation and logistics company Kuehne =+ Nagel with remained contract duration 11 years. Upon completion the annual NOI of the Group will increase by €1.4million.

B. EOS Business Park Acquisition

The Company reached a binding agreement in August for the acquisition of EOS Business Park, which is expected to be finalised upon completion of certain conditions. The park which includes a Class A office Building in Bucharest, is currently fully let to Danone Romania, the French multinational food company, until 2026. Upon completion the annual NOI of the Group will increase by €0.6million.

C. Residential Portfolio Acquisition

Within August the Company acquired, in exchange of new ordinary SPDI shares, an income producing residential portfolio in Bucharest, Romania consisting of 122 apartments totalling approximately 11,700 sqm across four separate complexes located in different residential areas of Bucharest and with a Net Asset Value of €3.3 million. The portfolio has an annualised NOI of €270.000.